

Murphy Oil Announces Record Quarterly Earnings

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EL DORADO, Arkansas, October 25, 2000 -- Murphy Oil Corporation's (NYSE: MUR) President and Chief Executive Officer, Claiborne P. Deming, announced that income before special items in the third quarter of 2000 totaled a Company record \$83.7 million, \$1.85 a diluted share, compared to earnings of \$44.9 million, \$1.00 a diluted share, in the third quarter of 1999. Third quarter 2000 net income totaled \$85.6 million, \$1.89 a diluted share, and included two special items with a net after-tax benefit of \$1.9 million, \$.04 a diluted share. Special items in the 2000 quarter included settlement of prior years' U.S. income tax matters, which added \$15.5 million to net income, and an after-tax charge of \$13.6 million to reduce the carrying value of two U.S. natural gas properties. Net income in the same quarter of 1999 was \$51.2 million, \$1.14 a share, and included an after-tax gain of \$6.3 million, \$.14 a share, from sale of assets. Cash flow from operating activities, excluding changes in noncash working capital items, totaled \$196.2 million, \$4.33 a diluted share, in the current quarter compared to \$121.6 million, \$2.70 a share, in the prior year's third quarter.

In commenting on the operating results, Mr. Deming said, "Strengthened oil and North American natural gas prices led to a second consecutive record quarterly income for the Company. Income from Murphy's exploration and production operations improved by 77% over the 1999 quarter, while results for the Company's downstream segment increased by 32%. In addition to the outstanding operating results, a significant Company highlight of the third quarter was the recently announced agreement to acquire Beau Canada Exploration Ltd., an independent Canadian exploration and production company, for a total consideration of US\$255 million. The offering period remains open until November 3 and the transaction is expected to be completed shortly thereafter."

Murphy's exploration and production operations posted earnings of \$77.5 million in the third quarter of 2000, also a second consecutive record, compared to \$43.8 million in the 1999 quarter. The Company's worldwide crude oil and condensate prices averaged \$26.75 a barrel for the current quarter, 38% above the third quarter of 1999. Total crude oil and gas liquids production averaged 61,852 barrels a day in the third quarter of 2000 compared to 66,980 in the earlier quarter. Natural gas sales prices in the U.S. averaged \$4.41 an MCF in the third quarter, up 73% from the average of \$2.55 in the same quarter of 1999. Natural gas sales volumes declined from 231 million cubic feet a day in the third quarter of 1999 to 211 million in the current quarter as a result of a decrease in production from mature fields in the Gulf of Mexico.

The Company's refining, marketing and transportation operations earned \$12.9 million in the most recent quarter compared to \$9.8 million in the similar quarter last year. The improved earnings were primarily attributable to the U.S., where higher sales volumes and improved margins occurred during the 2000 quarter. The increase in finished product sales was due to expanding retail operations at the Company's Wal-Mart stations. Corporate functions reflected a loss of \$6.7 million in the current quarter compared to a loss of \$8.7 million in the third quarter of 1999.

For the first nine months of 2000, net income totaled \$217.2 million, \$4.80 a diluted share, compared to \$60.2 million, \$1.34 a share, a year ago. The current nine-month total included after-tax benefits of \$3.4 million, \$.07 a diluted share, from special items, while the same period in 1999 included special benefits of \$5.3 million, \$.12 a share. Crude oil and gas liquids production for the first nine months of 2000 averaged 65,065 barrels a day, down slightly from the 1999 period. Natural gas sales averaged 223 million cubic feet a day, down 8% from the same period a year ago. Crude oil and condensate prices averaged \$25.89 a barrel during the 2000 period, a 73% increase compared to the 1999 period. North American natural gas sales prices improved 57% between periods.

Mr. Deming continued, "Murphy's exploration activity is increasing. In Malaysia, the first well in shallow-water Block SK 309 (85%) offshore Sarawak has spudded. In the deepwater Gulf of Mexico, the Moccasin prospect in Garden Banks Blocks 253/297 (37.5%) will be drilled commencing in mid-November. Winter drilling in western Canada near our recent Ladyfern discovery and in the foothills begins around December 1. Finally, in Vermilion Parish, Louisiana, an estimated 50 billion cubic foot natural gas discovery at the Zaunbrecher well, where Murphy holds a net revenue interest of slightly over 40%, should be on production within the next 60 days.

"Continued strength in crude oil and natural gas prices suggests that the financial outlook for the fourth quarter remains robust. On a barrel of oil equivalent (BOE) basis, our worldwide production is currently forecast to be up slightly from third quarter levels, primarily attributable to increased seasonal nominations of natural gas from the Amethyst field in the U.K. North Sea. As a result,

worldwide production is expected to average approximately 102,000 BOE a day for 2000. We expect the Beau Canada acquisition to add about 20,000 BOE a day of production in 2001, resulting in a worldwide average daily production of 125,000 to 130,000 BOE next year.

“In the downstream segment, fourth quarter operations to date indicate margins in the U.S. will improve over third quarter levels, with U.K. margins remaining on track with their strong third quarter performance.”

The public is invited to access the Company’s conference call to discuss third quarter 2000 results on Thursday, October 26, at 12:00 p.m. CDT either via the Internet through the Investor Relations section of Murphy’s website at <http://www.murphyoilcorp.com> or via the telephone by dialing 1-800-416-4492. The telephone reservation number for the call is 16507862.

Summary financial data and operating statistics for the third quarter and first nine months of 2000 with comparisons to 1999 are contained in the attached tables. The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. No assurance can be given that the results discussed herein will be attained, and certain important factors that may cause actual results to differ materially are contained in Murphy’s January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.

[Statistical Summary](#)

[Summarized Consolidated Statements of Income](#)

[Summarized Consolidated Statements of Cash Flows](#)

[Oil and Gas Operating Results](#)

[Functional Results of Operations](#)

[Other Financial Data](#)



The attached tables are in the Microsoft Excel format

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For More Information

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